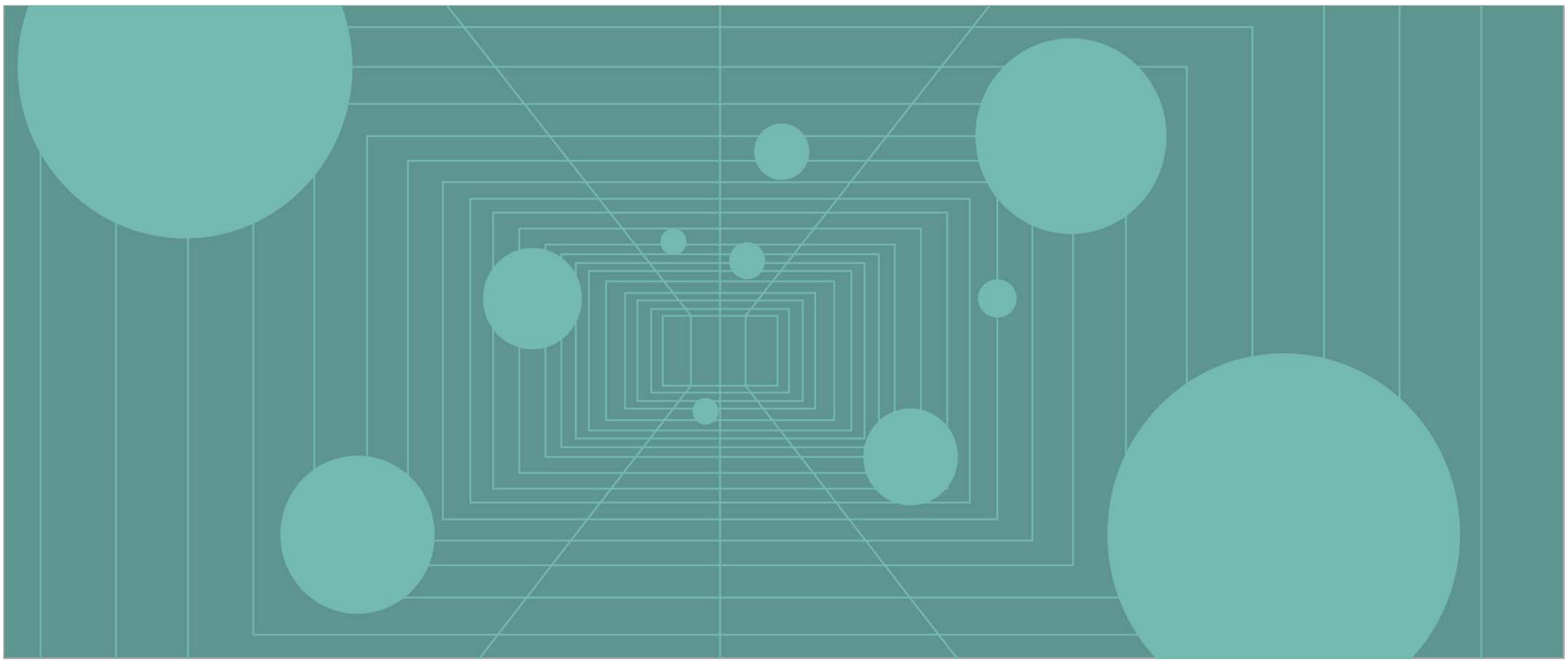
GLOBAL EX US EQUITY MANAGER PERFORMANCE

ANALYSIS OF 2017 AND PERFORMANCE SINCE 2000



CAMBRIDGE ASSOCIATES

2018

Summary Observations

- In 2017, 75.8% of active Global ex US managers outperformed the MSCI EAFE Index gross of fees, with the median manager outperforming by 260 basis points (bps). Since 2000, the median manager has only underperformed the index twice, and the majority of managers have outperformed the index every year for the past ten years, gross of fees.
- Even after adding a fee proxy of 70 bps, more than two-thirds (68.6%) of managers outperformed the benchmark in 2017. Further, more than 43% of managers beat the benchmark by over 250 bps, representing significant value add. Since 2000 versus the fee-adjusted index, the majority of managers have outperformed in ten years, compared to eight years of underperformance.
- By style, the median growth manager in the Global ex US space outperformed the MSCI EAFE Index by a huge 620 bps gross of fees, followed by diverse managers (outperforming by 310 bps), and finally value managers, which outperformed by 120 bps. Both growth and value managers outperformed their style benchmarks, too, with growth managers beating the MSCI EAFE Growth Index (up 28.9% in 2017) by 230 bps, while value managers outperformed the MSCI EAFE Value Index (up 21.4% in 2017) by 480 bps. Looking longer term, the median value manager has outperformed the value index in nine of the last ten years. Growth managers have had a slightly more difficult time outperforming MSCI EAFE Growth in the past ten years, trailing in three years.
- On an average and median basis, managers were overweight in the same three sectors versus the MSCI EAFE Index as they were in 2016: consumer discretionary, energy, and IT. The most significant overweight was to IT (overweight by almost 460 bps). The IT sector outperformed MSCI EAFE by more than 880 bps, cementing the median manager overweight as a solid bet for the year. Conversely, the biggest underweight was to Real Estate (underweight by 250 bps), which underperformed the MSCI EAFE by about 330 basis points, a relative loss the underweight to the sector partly mitigated.

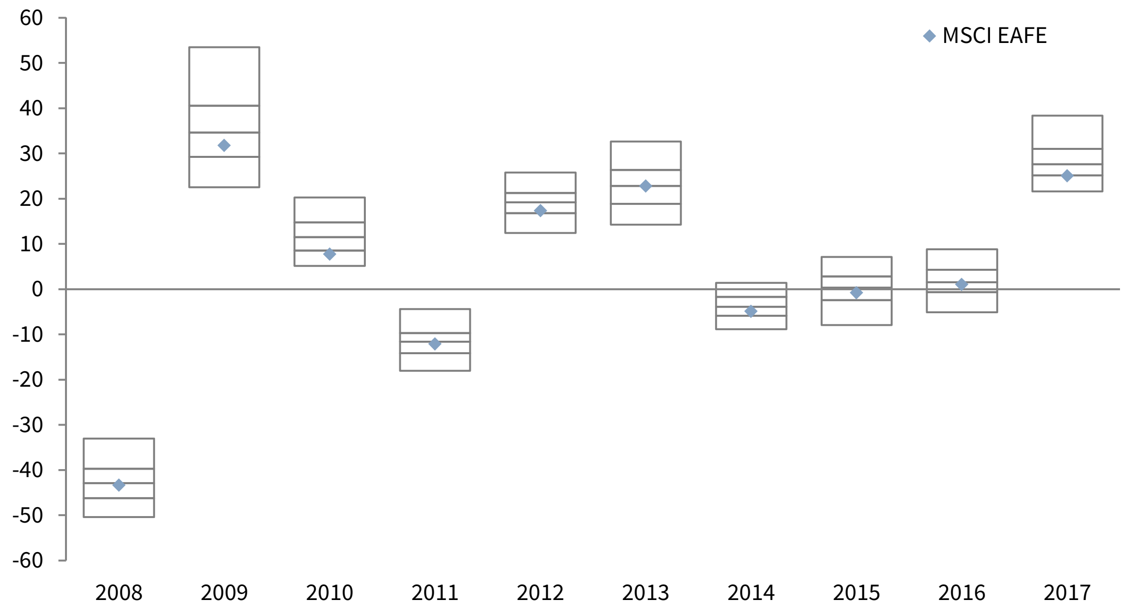
Summary Observations (continued)

- On an average and median basis, managers were again underweight the six countries to which the MSCI EAFE Index has a weight greater than 5%. The largest underweights were to Japan and Australia, both of which underperformed MSCI EAFE in USD terms. Global ex US equity managers tend to make a number of off-benchmark country bets. In 2016, over half of the managers that reported country allocations had an allocation to six countries not in MSCI EAFE: Canada, China, South Korea, Taiwan, Brazil, and India. All of these countries except Canada and Brazil beat MSCI EAFE in USD terms; China and Korea both returned over 45% for the year, meaning that managers' exposures to these countries likely helped performance versus the index.
- High dispersion in stock returns is often thought to mean more managers will outperform. In fact, the relationship is extremely weak. Rather, stock dispersion is more likely to increase the dispersion of managers' excess returns—greater stock dispersion gives managers more of an opportunity to separate from the pack, but this can be to the upside or the downside. Post global financial crisis, stock return dispersion has been quite low; 2017 was the lowest level in the 2000–17 period tracked in this report.
- Persistence in manager outperformance is rare, and movement among performance quintiles is fairly common. More than half of managers in the bottom quintile from 2008–12 ended up in the top two quintiles in the 2013–17 period.

75.8% of managers outperformed the index in 2017

GLOBAL EX US EQUITY MANAGER ANNUAL RETURNS BY QUARTILES

2008–17 • Percent (%)



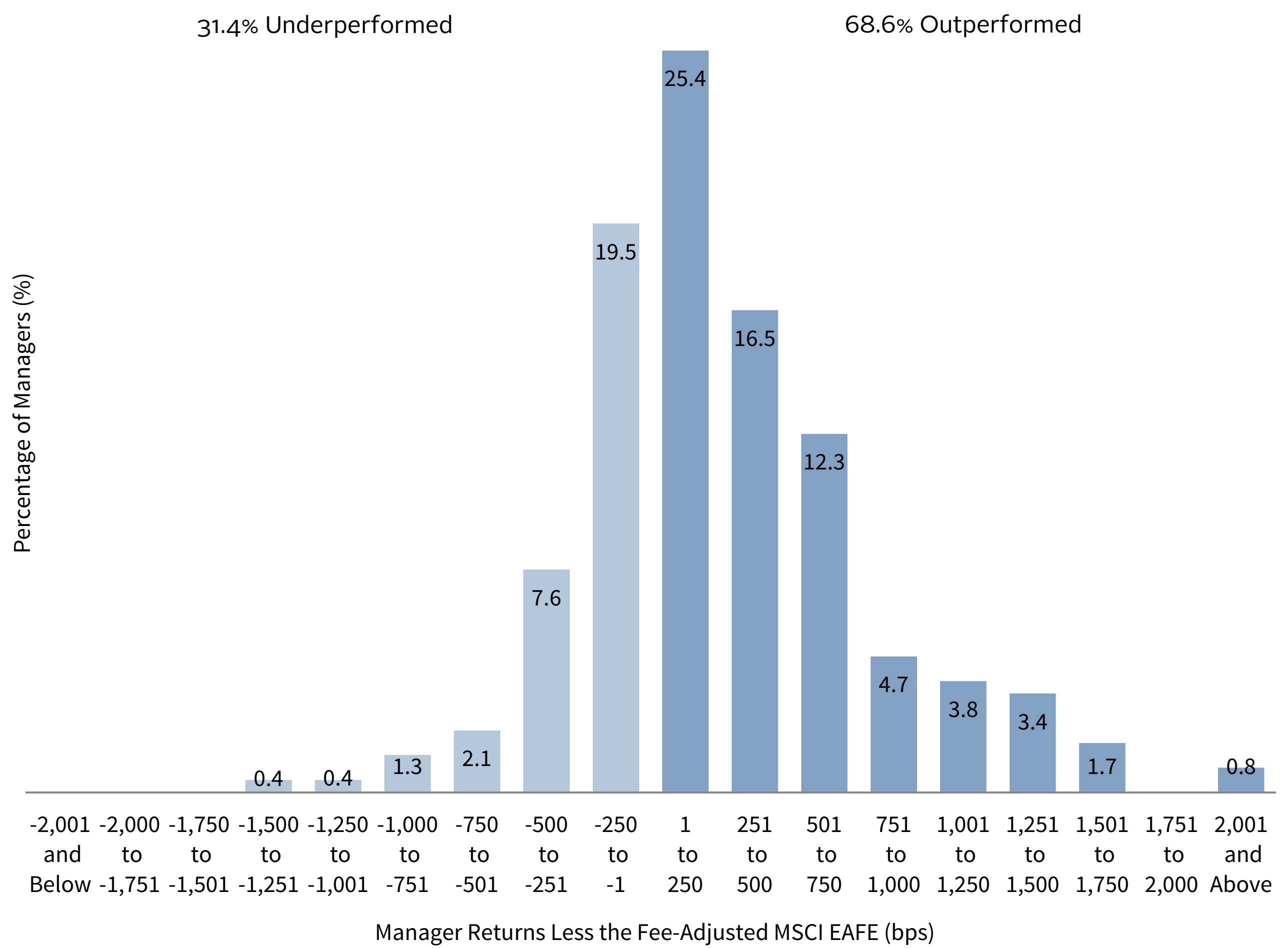
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
5th Percentile	-33.0	53.5	20.3	-4.4	25.8	32.7	1.4	7.1	8.9	38.4
25th Percentile	-39.8	40.5	14.8	-9.7	21.3	26.3	-1.7	2.8	4.3	31.0
Median	-43.0	34.7	11.5	-11.6	19.2	22.8	-3.9	0.3	1.5	27.6
75th Percentile	-46.3	29.3	8.5	-14.1	16.8	18.9	-5.9	-2.4	-0.6	25.2
95th Percentile	-50.4	22.6	5.2	-18.0	12.4	14.3	-8.9	-7.9	-5.1	21.6
MSCI EAFE	-43.4	31.8	7.8	-12.1	17.3	22.8	-4.9	-0.8	1.0	25.0
# of Managers	*286*	*289*	*289*	*294*	*289*	*292*	*292*	*298*	*289*	*236*
% Outperforming	**53.1**	**63.3**	**80.3**	**55.8**	**68.5**	**50.3**	**63.4**	**62.8**	**55.0**	**75.8**
% Underperforming	**46.9**	**36.7**	**19.7**	**44.2**	**31.5**	**49.7**	**36.6**	**37.2**	**45.0**	**24.2**

In each of the last ten years the majority of active managers have outperformed the index gross of fees, and 2017's percentage of outperformers was the highest since 2010

Sources: Cambridge Associates LLC, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: Cambridge Associates LLC's (CA) manager universe statistics are derived from CA's proprietary Investment Manager Database. Managers that do not report in US dollars, exclude cash reserves from reported total returns, or have less than $50 million in product assets are excluded. Performance is generally reported gross of investment management fees. To be included in analysis of any period longer than one quarter, managers must have had performance available for the full period.

68.6% of managers outperformed the fee-adjusted index in 2017

MANAGER RETURNS RELATIVE TO THE FEE-ADJUSTED MSCI EAFE INDEX
Calendar Year 2017 • *n = 236*



Over 43% of managers outperformed the fee-adjusted index by more than 250 bps

Sources: Cambridge Associates LLC, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
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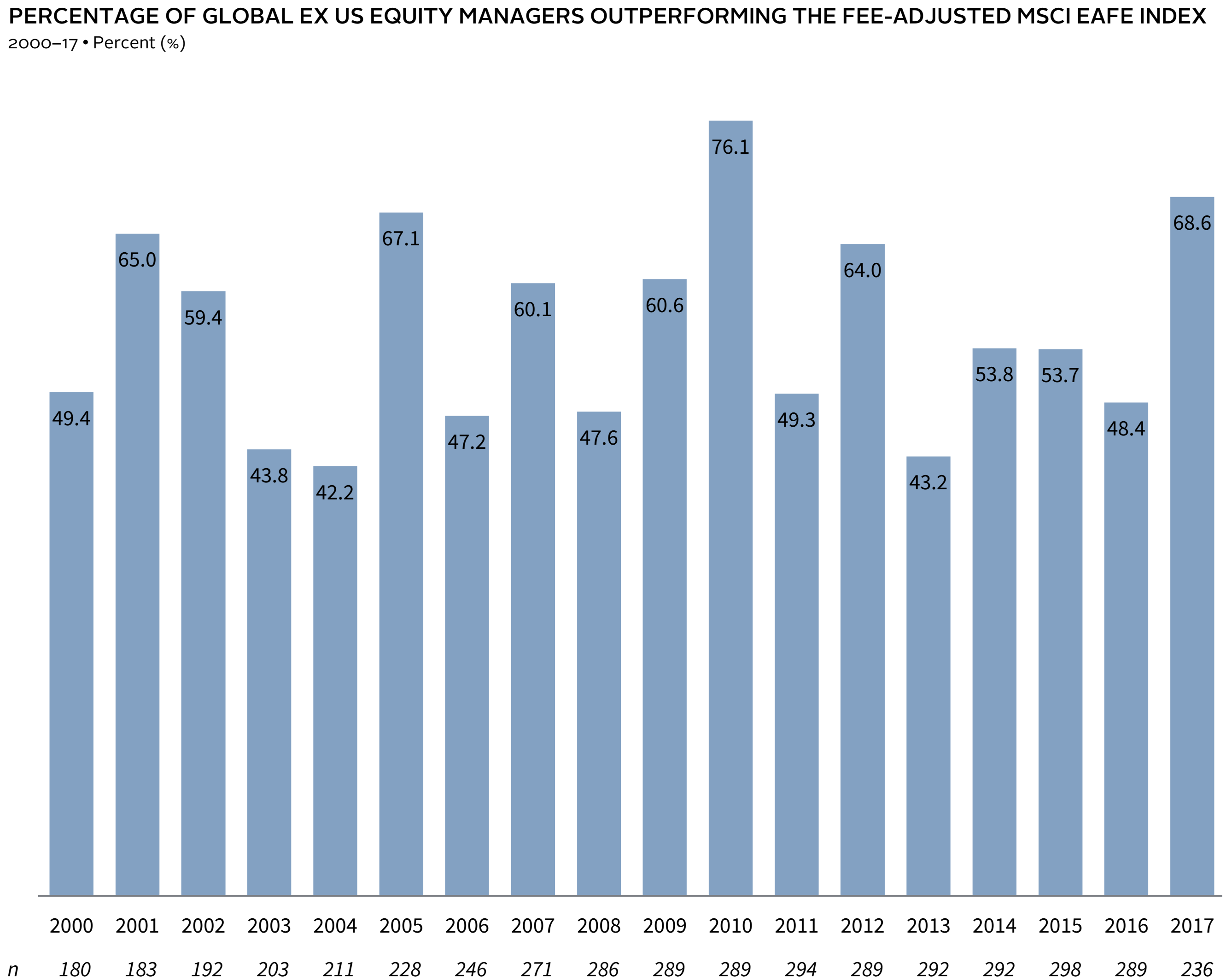
Active manager outperformance is cyclical



Since 2000, the median manager has underperformed in eight years and has now outperformed in ten

Sources: Cambridge Associates LLC, FactSet Research Systems, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
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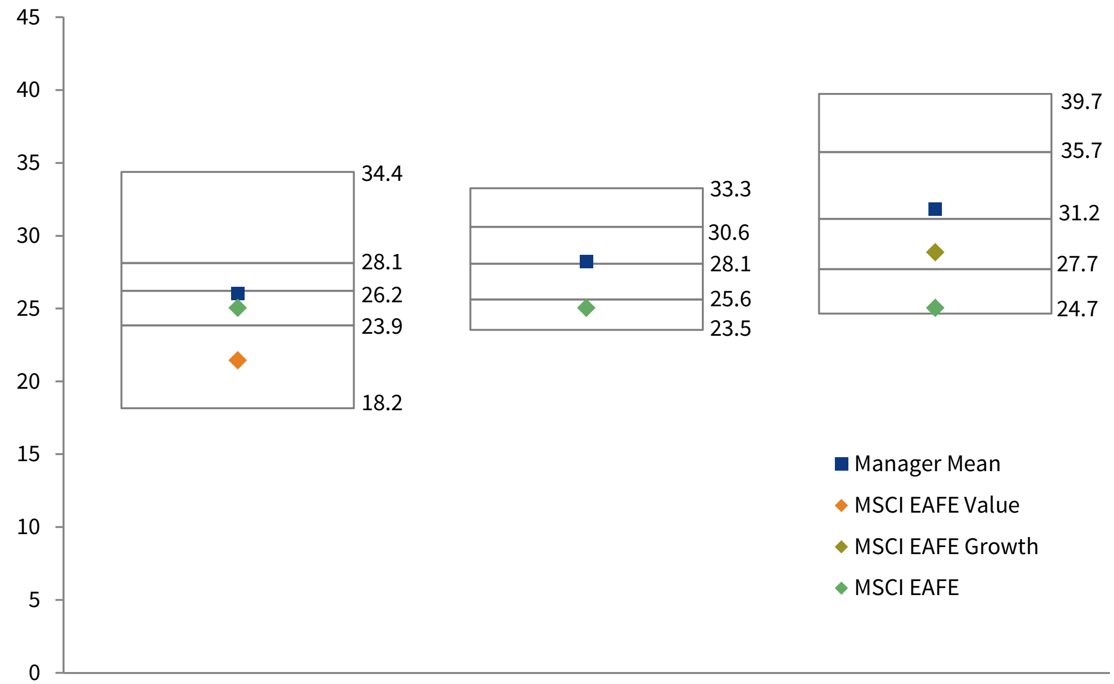
The median growth manager and the median value manager both outperformed their respective style indexes

GLOBAL EX US EQUITY MANAGER UNIVERSE RETURN QUARTILES BY INVESTMENT PHILOSOPHY
Calendar Year 2017 • Percent (%)



	Value	Diverse	Growth
High	40.9	38.4	46.3
Manager Mean	26.0	28.2	31.8
Low	12.0	22.4	23.4
MSCI EAFE	25.0*	25.0	25.0*
Number of Managers	*88*	*38*	*59*

Managers across styles outperformed against both the MSCI EAFE headline index and their respective style indexes, with value managers showing the strongest outperformance relative to their style benchmark

Sources: Cambridge Associates LLC, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: Cambridge Associates LLC's (CA) manager universe statistics are derived from CA's proprietary Investment Manager Database. Managers that do not report in US dollars, exclude cash reserves from reported total returns, or have less than $50 million in product assets are excluded. Performance is generally reported gross of investment management fees. Only managers with performance available for the entire period measured are included.
* The MSCI EAFE Value Index returned 21.4% in 2017; the MSCI EAFE Growth Index returned 28.9%.

Investment styles go in and out of favor over time

THE CYCLICAL NATURE OF GLOBAL EX US EQUITY INVESTMENT PHILOSOPHIES

2000–17 • Percent (%)

Annual Total Returns

Year	Median Growth Mgr	*n*	Median Value Mgr	*n*	Global ex US Stocks (MSCI EAFE)
2000	-16.3	*74*	**-5.9**	*53*	-14.2
2001	-21.9	*76*	**-12.6**	*51*	-21.4
2002	-16.4	*78*	**-10.1**	*57*	-15.9
2003	34.6	*76*	**41.5**	*67*	38.6
2004	17.9	*75*	**22.7**	*74*	20.2
2005	**17.3**	*78*	14.4	*82*	13.5
2006	24.2	*79*	**28.3**	*93*	26.3
2007	**17.7**	*82*	9.9	*97*	11.2
2008	-45.2	*91*	**-41.6**	*98*	-43.4
2009	**35.8**	*86*	34.7	*101*	31.8
2010	**12.4**	*83*	10.6	*101*	7.8
2011	**-11.1**	*83*	-11.6	*103*	-12.1
2012	**19.5**	*78*	18.6	*103*	17.3
2013	20.3	*78*	**23.2**	*106*	22.8
2014	**-3.4**	*78*	-4.6	*106*	-4.9
2015	**1.3**	*82*	-0.9	*104*	-0.8
2016	-0.3	*79*	**3.4**	*99*	1.0
2017	**31.2**	*59*	26.2	*88*	25.0

Average Annual Compound Returns: Periods Ended December 31, 2017

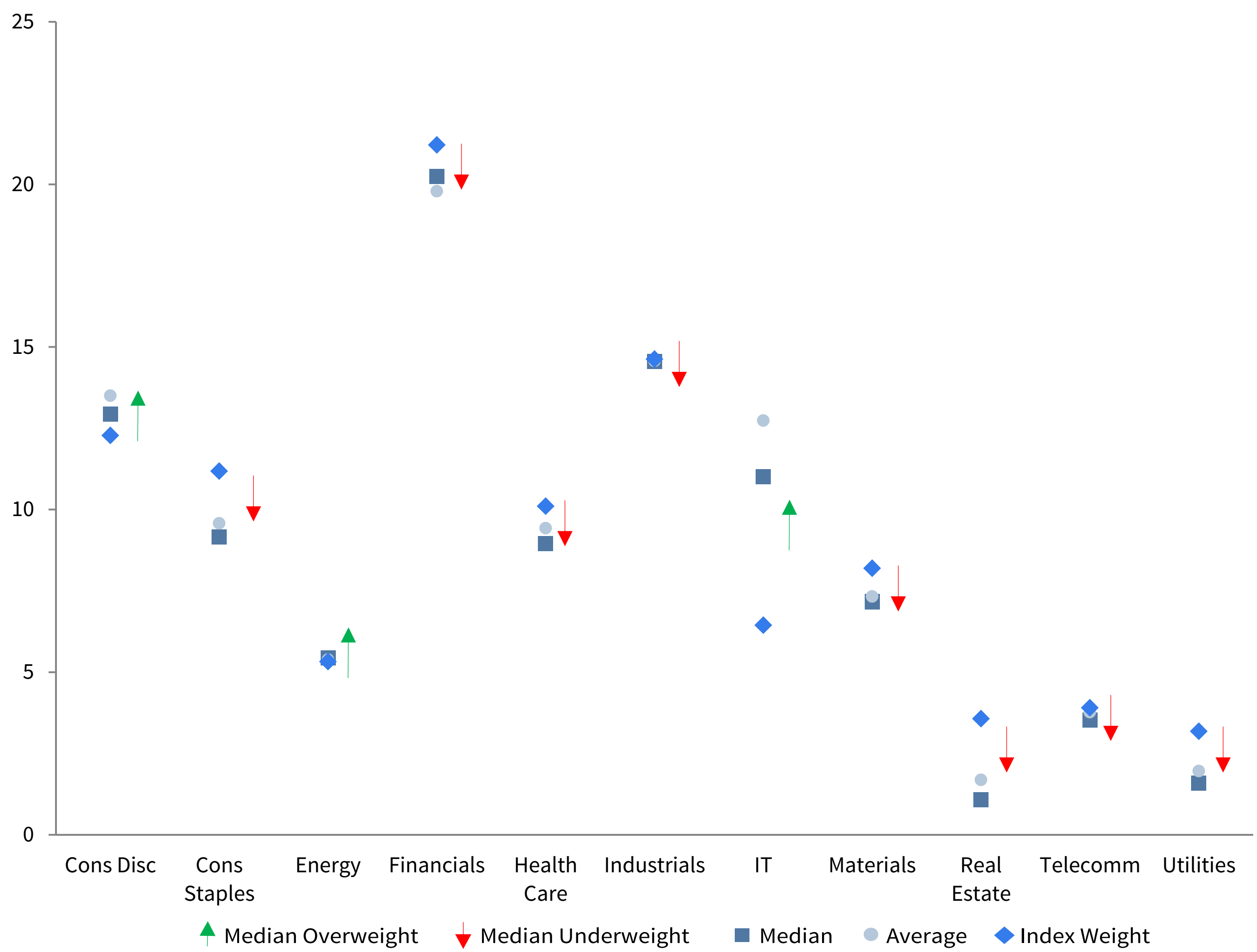
	Median Growth Mgr	*n*	Median Value Mgr	*n*	Global ex US Stocks (MSCI EAFE)
Trailing 15-Yr	**9.8**	*26*	9.4	*36*	8.1
Trailing 10-Yr	**3.9**	*45*	3.2	*65*	1.9
Trailing 5-Yr	**9.1**	*49*	8.8	*80*	7.9
Trailing 3-Yr	**9.3**	*56*	9.1	*85*	7.8

Growth returned to favor in 2017 after a brief stint of value outperformance in 2016

Sources: Cambridge Associates LLC, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: The philosophy with the highest return in each period is highlighted. Cambridge Associates LLC's (CA) manager universe statistics are derived from CA's proprietary Investment Manager Database. Managers that do not report in US dollars, exclude cash reserves from reported total returns, or have less than $50 million in product assets are excluded. Performance is generally reported gross of investment management fees. To be included in analysis of any period longer than one quarter, managers must have had performance available for the full period.

Managers' different sector allocations can affect relative performance

As of December 31, 2017 • *n = 209*



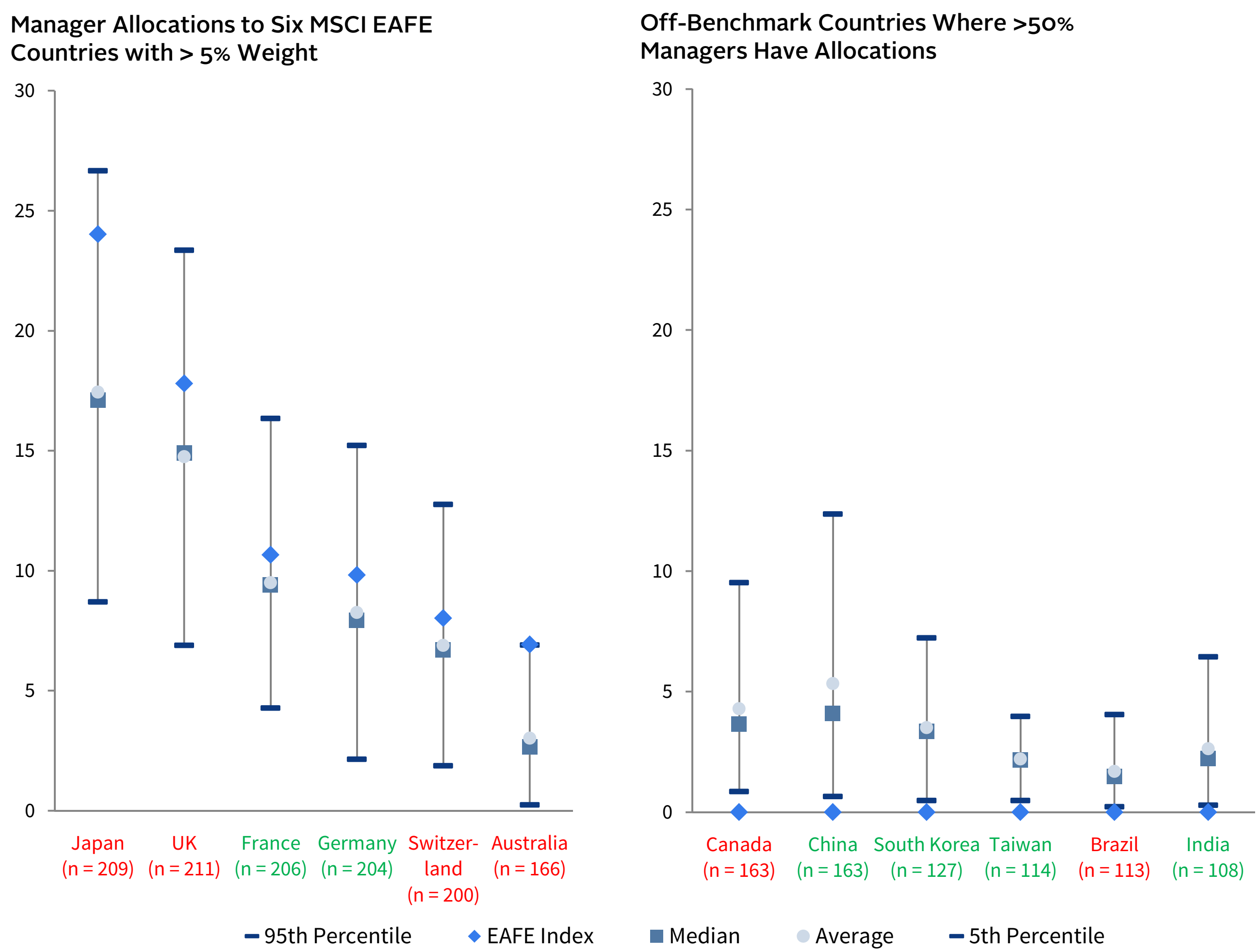
On an average and median basis managers were overweight consumer discretionary, energy, and IT in 2017 relative to MSCI EAFE; the most significant overweight was to IT, a sector responsible for about 10% of the overall index return for the year

Sources: Cambridge Associates LLC, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: Arrows indicate whether the median manager was overweight (green) or underweight (red) versus the MSCI EAFE Index. Only includes data for 209 managers that provided sector allocation as of year-end 2017. Index weights represent year-end sector allocations of the MSCI EAFE Index. Cambridge Associates LLC's (CA) manager universe statistics are derived from CA's proprietary Investment Manager Database. Manager that do not report in US dollars, exclude cash reserves from reported total returns, or have less than $50 million in product assets are excluded.

Off-benchmark country bets can significantly affect relative performance

GLOBAL EX US EQUITY MANAGERS' COUNTRY ALLOCATIONS VS THE MSCI EAFE INDEX

As of December 31, 2017 • *n = 211*



A majority of managers had allocations to five countries not in the MSCI EAFE Index, and all except Canada and Brazil outperformed the index in 2017

Sources: Cambridge Associates LLC, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

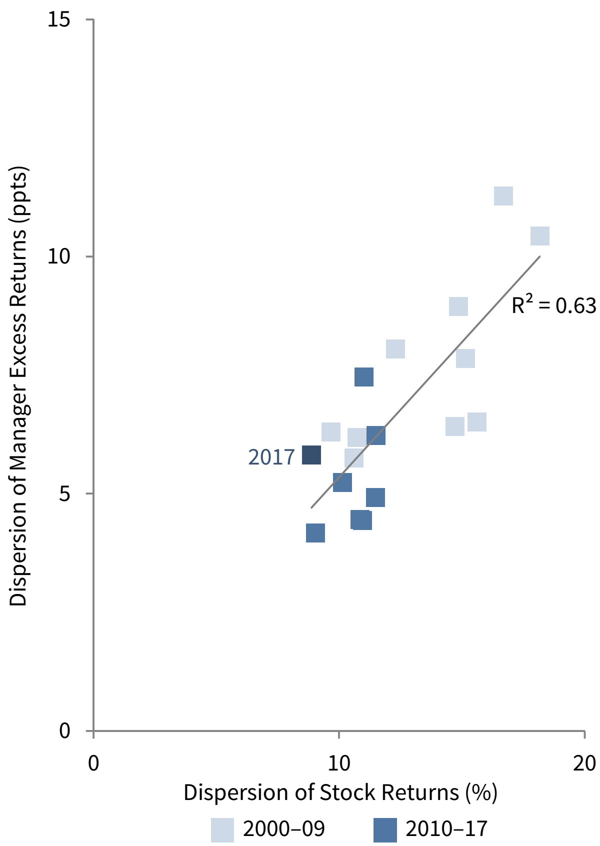
Notes: A country name in red indicates that the country underperformed the MSCI EAFE Index, while green country names indicate outperformance. Only includes data for 211 managers that provided geographic allocation as of year-end 2017. Index weights represent year-end geographic allocations of the MSCI EAFE Index. The n provided for each country represents the total number of products exposed to a given country as of year-end 2017, and percentile, median, and average figures are calculated only from products with exposure to the country shown. Cambridge Associates LLC's (CA) manager universe statistics are derived from CA's proprietary Investment Manager Database. Manager that do not report in US dollars, exclude cash reserves from reported total returns, or have less than $50 million in product assets are excluded.

Dispersion of stock returns is correlated to dispersion of manager performance

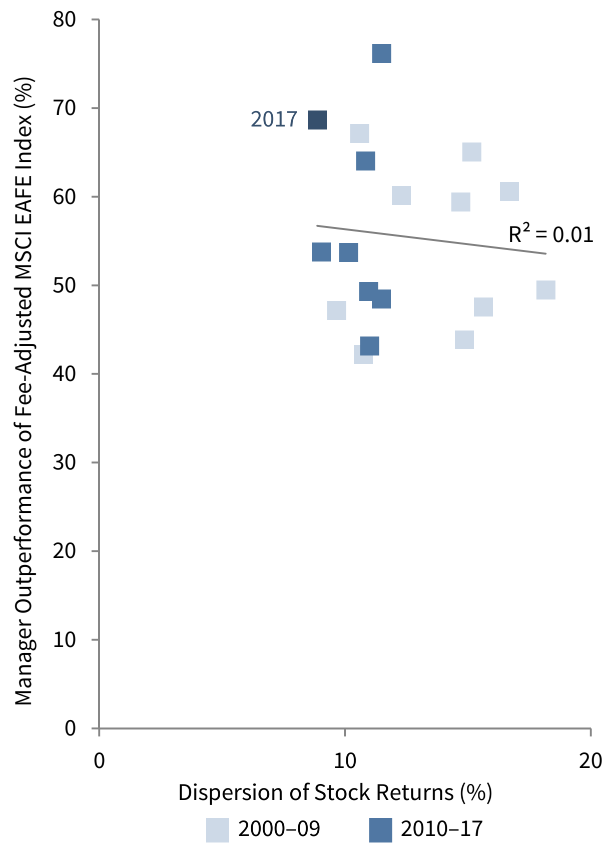
IMPACT OF ANNUAL DISPERSION OF GLOBAL EX US STOCK RETURNS ON DISPERSION OF MANAGER EXCESS RETURNS AND PERCENT OF MANAGERS OUTPERFORMING

2000–17

Dispersion of Stock Returns and Dispersion of Manager Performance



Dispersion of Stock Returns and Managers Outperforming



No relationship exists between stock dispersion and percentage of managers outperforming the index

Sources: Cambridge Associates LLC, FactSet Research Systems, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: Dispersion of return for stocks is represented by the square root of the sum of the squared differences between returns for each constituent and the index return multiplied by the weight of the constituent in the index. Dispersion of excess returns for managers represents managers in the middle 50% of the return range for global ex US equity managers. Cambridge Associates LLC's (CA) manager universe statistics are derived from CA's proprietary Investment Manager Database. Managers that do not report in US dollars, exclude cash reserves from reported total returns, or have less than $50 million in product assets are excluded. Performance is generally reported gross of investment management fees. We have added 70 bps to the MSCI EAFE Index return as a proxy for manager fees. Number of managers included in medians varies from quarter-to-quarter. To be included in analysis of any period longer than one quarter, managers must have had performance available for the full period.

Movement between top and bottom quintiles is fairly common

ANALYSIS OF GLOBAL EX US EQUITY MANAGER RETURNS BY QUINTILE OVER FIVE-YEAR PERIODS

2008–17 • *n = 161*

Where Did They Go?

Initial 5-Yr Period (2008–12) Quintile	Subsequent 5-Yr Period (2013–17) Quintile	% of Managers From Initial Quintile
1	1	**34.4%**
	2	12.5%
	3	9.4%
	4	28.1%
	5	15.6%
2	1	9.4%
	2	25.0%
	3	**28.1%**
	4	15.6%
	5	21.9%
3	1	21.2%
	2	12.1%
	3	15.2%
	4	**27.3%**
	5	24.2%
4	1	6.3%
	2	**25.0%**
	3	21.9%
	4	21.9%
	5	**25.0%**
5	1	**28.1%**
	2	25.0%
	3	**28.1%**
	4	6.3%
	5	12.5%

Where Did They Come From?

Subsequent 5-Yr Period (2013–17) Quintile	Initial 5-Yr Period (2008–12) Quintile	% of Managers From Initial Quintile
1	1	**34.4%**
	2	9.4%
	3	21.9%
	4	6.3%
	5	28.1%
2	1	12.5%
	2	**25.0%**
	3	12.5%
	4	**25.0%**
	5	**25.0%**
3	1	9.1%
	2	**27.3%**
	3	15.2%
	4	21.2%
	5	**27.3%**
4	1	**28.1%**
	2	15.6%
	3	**28.1%**
	4	21.9%
	5	6.3%
5	1	15.6%
	2	21.9%
	3	**25.0%**
	4	**25.0%**
	5	12.5%

Over a half of managers in the bottom quintile (in red at left) in 2008–12 reached the top two quintiles for the period 2013–17

Source: Cambridge Associates LLC.

Notes: Cambridge Associates LLC's (CA) manager universe statistics are derived from CA's proprietary Investment Manager Database. Managers that do not report in US dollars, exclude cash reserves from reported total returns, or have less than $50 million in product assets are excluded. Performance is generally reported gross of investment management fees. Only managers with performance available for the entire period measured are included.

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